



3 1761 11635252 7

63-D-90

Government
Publication

Canada. Statistics
Sales Finance Companies,
1941.



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Published by Authority of the HON. JAMES A. MACKINNON, M.P.,
Minister of Trade and Commerce

DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS
INTERNAL TRADE BRANCH
OTTAWA, CANADA

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Series, 1941
No. 16

Price .25 cents.

Canada.

General publications

LG-

SALES - FINANCE COMPANIES IN CANADA

This report is one of a series presenting results of the Census of Merchandising and Service Establishments, a project which formed part of the Decennial Census of 1941 and for which reports were secured by mail from all retail and wholesale trading houses and from certain types of service establishments covering their operations during the Census year.

The establishments covered by this report are financial institutions engaged in the purchase or discounting of notes receivable arising from instalment sales of motor vehicles or other consumer goods or of industrial and commercial equipment. Wholesale financing covering credit transactions between manufacturers and distributors or dealers in order to allow the latter to accept shipments of stock for re-sale is also included. The report does not include banks. Small loan companies whose chief activity consists in advancing small personal loans secured possibly by the pledge of merchandise already paid for and owned by the borrower are not included unless they also advanced loans for the purchase of merchandise, which merchandise was offered as security for the loan. In such instances only the latter activity of the Company was to be reported.

Reports were received from 90 firms which operated a total of 184 offices in Canada. The volume of instalment paper purchased or discounted amounted to \$211,240,083 in 1941, while balances outstanding at the end of the year totalled \$87,030,724. The amount reported as purchased or discounted may include finance charges and insurance as well as the deferred portion of the purchase price of the merchandise. The same interpretation must be placed upon the year-end holdings. The 90 firms employed 692 male and 595 female employees to whom \$2,328,495 was paid in salaries and wages during the year under review.

The 90 firms reported were comprised of 47 companies engaged in retail financing only, 3 engaged in wholesale financing only and 40 which were engaged in both retail and wholesale financing. There were 47 firms which reported financing of motor vehicles only, 6 which reported diversified financing only (other than motor vehicles) and 37 which reported both motor vehicle and diversified financing.

Answers to an inquiry regarding date of organization in Canada indicate that the greatest number of entries into the financing field took place in the two five-year periods between 1925 and 1929 and between 1935 and 1939. Of the 82 firms which reported the year in which they commenced business, there were 25 reported as opening between 1925 and 1929 and another 21 between 1935 and 1939. Six firms indicated that they were in business prior to 1910 while 18 firms opened up between 1910 and 1924.

Retail Financing

Purchases of retail instalment paper totalled \$100,276,962 in 1941, of which 77.1 per cent represented consumers' goods and 22.9 per cent represented commercial or industrial equipment. In the consumers' goods field, there were 29,037 new passenger cars financed for \$23,321,463 or 30.2 per cent of the total volume of financing of all consumers' goods. The financing of used motor vehicle sales occupied a much larger place. There were 127,648 used passenger cars financed for \$44,009,194, an amount which formed 56.9 per cent of the total consumers' goods financing and 43.9 per cent of the total retail financing, including both consumers' and industrial goods. Radio sets numbering 24,995 were financed for \$1,951,498; financing of electrical and gas household appliances totalled \$5,161,092 while financing of other consumers' goods such as furniture and jewellery amounted to \$2,882,278.

New commercial vehicles accounted for one-half of the total volume of financing of commercial and industrial goods. There were 12,023 new commercial vehicles financed for \$11,548,080 in 1941 and another 15,414 used commercial vehicles financed for \$6,779,504. There were 1,821 new tractors whose purchases were financed for \$1,261,196 and 276 used tractors financed for \$109,755. Financing of other commercial or industrial goods totalled \$3,252,902.

Balances outstanding on retail instalment paper at the end of 1941 totalled \$64,674,342 or approximately 64 per cent of the annual volume of retail paper purchased. Balances on new and used passenger cars together amounted to \$41,573,072 or 62 per cent of the volume of passenger car paper purchased; outstandings on other consumers' goods totalled \$7,281,025 or 73 per cent of the corresponding amount of financing while year-end holdings on commercial or industrial equipment totalled \$15,820,245 or 69 per cent of the financed dollar volume.

Each firm was asked to classify its retail purchases according to province of origin of the business involved. The results thus secured indicate that Ontario accounted for 48.0 per cent of the total volume of business transacted followed by Quebec with 16.1 per cent. Corresponding percentages for other provinces are as follows: British Columbia, 9.5 per cent; Alberta, 8.9 per cent; Maritime Provinces, 6.6 per cent; Saskatchewan, 5.8 per cent; and Manitoba, 5.1 per cent. Separate figures for each of the three Maritime Provinces are not available.

Wholesale Financing

Wholesale financing is the term applied to the extension of credit by a finance company to a dealer for the purpose of financing stock to be held for sale as distinguished from the financing of consumers' goods for immediate use. As previously stated, 43 companies reported themselves as being engaged at least to some extent in wholesale financing, the total value of paper purchased amounting to \$110,963,121, while balances outstanding at the end of the year amounted to \$22,356,382. The financing of passenger cars occupies a leading position in the wholesale financing field, 101,681 new or used passenger cars being financed for \$91,576,537 or 82.5 per cent of the total volume of wholesale financing reported. Other consumers' goods financed on a wholesale basis amounted to \$1,178,047. Wholesale financing of trucks, tractors, trailers and farm implements amounted to \$17,692,749, while financing of other commercial and industrial goods amounted to another \$515,788.

Repossessions

The schedule used in conducting this survey of finance companies asked that each firm report the number of repossessions of motor vehicles during the year broken down into categories depending upon the proportion of the contract value paid when the repossession took place.

Only a limited number of firms were able to supply this information so that details regarding the total number of repossessions made in 1941 are lacking. The following results are based on reports from six firms which were able to give the information in the form requested. These six firms accounted for approximately 38 per cent of the total volume of financing in the case of both new and used passenger models. In the commercial vehicle field they accounted for 48 per cent of the total business.

The six firms included in the sample reported 235 new passenger cars repossessed in 1941, of which 60 per cent were repossessed before one-quarter of the contract price was paid, 24 per cent when between one-quarter and one-half of the contract price was paid, 13 per cent when between one-half and three-quarters was paid, and only 3 per cent when over three-quarters of the contract had been paid off.

Repossessions of used passenger cars were much more numerous at 4,452 of which 62 per cent took place before one-quarter of the contract had been fulfilled. Repossessions of new commercial vehicles during the year numbered 210 while for used commercial vehicles the number was 968. Further details are shown in the attached tables.

Table 1.--Retail Instalment Paper Purchased in 1941. Classified by Commodities

Commodity	Paper Purchased, 1941			
	Number of Units	Dollar Volume		
		Amount	Per Cent of Group Total	Per Cent of Grand Total
		\$		
Retail Financing, Grand Total	x	100,276,962	-	100.0
Consumers' Goods, Total	x	77,325,525	100.0	77.1
Passenger cars, new	29,037	23,321,463	30.2	23.3
Passenger cars, used	127,648	44,009,194	56.9	43.9
Radio sets	24,995	1,951,498	2.5	1.9
Electric and gas household appliances	x	5,161,092	6.7	5.1
Other consumers' goods	x	2,882,278	3.7	2.9
Commercial and Industrial Goods, Total	x	22,951,437	100.0	22.9
Commercial vehicles, new	12,023	11,548,080	50.3	11.5
Commercial vehicles, used	15,414	6,779,504	29.5	6.8
Tractors, new	1,821	1,261,196	5.5	1.3
Tractors, used	276	109,755	0.5	0.1
Other commercial and industrial goods	x	3,252,902	14.2	3.2

Table 2.--Wholesale Instalment Paper Purchased in 1941. Classified by Commodities

Commodity	Paper Purchased, 1941			Balances Outstanding, Dec. 31, 1941
	Number of Units	Dollar Volume		
		Amount	Per Cent of Total	
		\$		\$
Wholesale Financing, Grand Total	101,681	110,963,121	100.0	22,356,382
Passenger cars	101,681	91,576,537	82.5	(a)
Other consumers' goods	x	1,178,047	1.1	(a)
Trucks, tractors, trailers, farm implements	x	17,692,749	15.9	(a)
Other commercial & industrial goods	x	515,788	0.5	(a)

(a) Not available.

Table 3.--Retail Financing Balances Outstanding, December 31, 1941.
Classified by Commodities

Commodity	Balances Outstanding Dec. 31, 1941	
	Amount	Per Cent of Total
Retail Financing, Grand Total	\$ 64,674,342	100.0
Consumers' Goods, Total	48,854,097	75.5
Passenger cars, new and used	41,573,072	64.3
Other consumers' goods	7,281,025	11.2
Commercial and Industrial Goods, Total	15,820,245	24.5

Table 4.--Retail Instalment Paper Purchased, 1941, and Balances Outstanding,
December 31, 1941, by Provinces

Province	Paper Purchased, 1941		Balances Outstanding Dec. 31, 1941		Balances As Per Cent of Purchases
	Amount	Per Cent of Total	Amount	Per Cent of Total	
CANADA, Total	\$ 100,276,962	100.0	\$ 64,674,342	100.0	64.5
Maritime Provinces	6,615,120	6.6	4,169,422	6.5	63.0
Quebec	16,195,303	16.1	10,102,942	15.6	62.4
Ontario	48,094,628	48.0	29,640,544	45.8	61.6
Manitoba	5,085,366	5.1	3,348,854	5.2	65.9
Saskatchewan	5,837,694	5.8	4,559,970	7.1	78.1
Alberta	8,959,137	8.9	6,362,161	9.8	71.0
British Columbia	9,489,714	9.5	6,490,449	10.0	68.4

Table 5.--Distribution of Repossessions Reported by Sample Number of
Firms According to Proportion of Contract Value Paid

Commodity	Number repos- sessions reported	Percentage of repossessions made in 1941 after payment of proportion of contract value indicated				
		Less than one- quarter	One-fourth to One-half	One-half to three-quarters	Three- quarters and over	Total
Passenger cars, new ..	233	60.5	23.6	12.9	3.0	100.0
" " used ..	4,452	62.0	27.2	9.0	1.8	100.0
Commercial vehicles, new ..	210	43.8	33.8	15.2	7.2	100.0
" " used ..	968	58.1	27.6	9.8	4.5	100.0
Total, All Vehicles ..	5,863	60.7	27.3	9.5	2.5	100.0

